

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on)	
Universal Service)	CC Docket No. 96-45
)	
Northwest Missouri Cellular)	
Limited Partnership)	
)	
Petition for FCC Agreement to)	
Redefine the Study Areas of Three Rural)	
Telephone Companies in Missouri)	
 To: Wireline Competition Bureau		

PETITION FOR REDEFINITION

Northwest Missouri Cellular Limited Partnership (“NWMC”), by its attorneys, pursuant to Section 214(e)(5) of the Communications Act of 1934, *as amended*, (“Act”) and Federal Communications Commission (“FCC”) Rule 54.207, hereby submits this Petition for FCC Agreement to Redefine the Study Areas of three Rural Telephone Companies in Missouri (“Petition”). Specifically, NWMC seeks FCC agreement with the Missouri Public Service Commission’s (“MPSC”) redefinition of each wire center as a separate service area of the following three rural telephone companies: Alltel Missouri, Inc. (“Alltel”), Grand River Mutual Telephone Corporation (“Grand River”) and Sprint Missouri, Inc. (“Sprint”).¹

¹ See *In the Matter of the Application of Northwest Missouri Cellular Limited Partnership for Designation as a Telecommunications Company Carrier Eligible for Federal Universal Service Support Pursuant to § 254 of the Telecommunications Act of 1996*, Order Granting Motion to Amend Report and Order, MPSC Case No. TO-2005-

I. INTRODUCTION

On June 3, 2005, NWMC filed with the MPSC its Application for Designation as a Telecommunications Company Carrier Eligible for Federal Universal Service Support Pursuant to § 254 of the Telecommunications Act of 1996.² In its *ETC Petition*, NWMC proposed to serve only a portion of the study areas of the following Missouri incumbent rural local exchange carriers (“LECs”): Alltel, Grand River and Sprint. NWMC, therefore, requested that the MPSC redefine these rural telephone companies’ study areas.³

The Act dictates that an ETC will be designated in a service area determined by the appropriate state commission.⁴ The term “service area” means a geographic area established by a state commission.⁵ In the case of an area served by a rural telephone company,⁶ service area means “study area” unless and until the FCC and the state commission, after taking into consideration recommendations of the Federal-State Joint Board (“Joint Board”), establish a different definition of service area for such company.⁷

0466 (March 1, 2007) (“*Amended Order*”). The *Amended Order* is attached hereto as Exhibit A. *In the Matter of the Application of Northwest Missouri Cellular Limited Partnership for Designation as a Telecommunications Company Carrier Eligible for Federal Universal Service Support Pursuant to § 254 of the Telecommunications Act of 1996*, Report and Order, MPSC Case No. TO-2005-0466 (September 21, 2006) (“*Final Order*”).

² *Application of Northwest Missouri Cellular Limited Partnership for Designation as a Telecommunications Company Carrier Eligible for Federal Universal Service Support Pursuant to § 254 of the Telecommunications Act of 1996*, MPSC Case No. TO-2005-0466 (June 3, 2005) (“*ETC Petition*”).

³ 47 U.S.C. § 214(e)(5).

⁴ 47 U.S.C. § 214(e)(2).

⁵ 47 U.S.C. § 214(e)(5).

⁶ 47 U.S.C. § 153(37) (definition of a rural telephone company).

⁷ 47 U.S.C. § 214(e)(5); 47 C.F.R. § 54.207(b).

The Act requires that the state commission take into consideration the Joint Board's recommendations when redefining a rural telephone company's study area.⁸ In its *Recommended Decision*, the Joint Board outlined its concerns for redefining a rural telephone company's service area.⁹ These concerns include: (1) minimizing rural "cream skimming"; (2) recognizing that the Act places rural telephone companies on a different competitive footing from other carriers; and (3) recognizing the administrative burden of requiring rural telephone companies to calculate costs at something other than a study area level.¹⁰

On September 21, 2006, the MPSC granted NWMC's *ETC Petition*, designating NWMC as an ETC for the purposes of receiving federal universal service support. Specifically, the MPSC redefined each wire center that NWMC serves in its entirety as a separate service area of Alltel, Grand River and Sprint rural telephone companies. On March 1, 2007, the MPSC amended its Order granting NWMC's ETC Petition, specifically addressing the Joint Board's concerns enumerated above.¹¹ Pursuant to the FCC's Rules, a state commission or other party seeking FCC agreement in redefining a service area served by a rural telephone company shall submit a petition to the FCC. Accordingly, NWMC submits this Petition for agreement with the MPSC's redefinition

⁸ *Id.*

⁹ *In the Matter of Federal-State Joint Board on Universal Service, Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier In the Commonwealth of Virginia, Memorandum Opinion and Order*, CC Docket No. 96-45, FCC 03-338 ¶ 38 (January 22, 2004) ("*Virginia Cellular Order*") (citing *Federal-State Joint Board on Universal Service, Recommended Decision*, 12 FCC Rcd 87, ¶¶ 172- 174 (1996)).

¹⁰ *RCC Holdings, Inc., Petition for Designation as an Eligible Telecommunications Carrier Throughout its Licensed Service Area in the State of Alabama*, 17 FCC Rcd 23532 (2002) ("*RCC Holdings*").

¹¹ *See generally Amended Order.*

of Alltel, Grand River and Sprint's rural service areas. Pursuant to FCC Rule Section 54.207(c)(1), this petition includes: (1) the definition proposed by the state commission, and (2) the state commission's ruling or other official statement presenting the state commission's reasons for adopting its definition including an analysis that takes into consideration the Joint Board's recommendations.¹²

II. DISCUSSION

NWMC requests FCC agreement with the MPSC's redefinition of each wire center as a separate service area of Alltel, Grand River and Sprint rural telephone companies. The MPSC's *Amended Order* redefines each wire center that NWMC serves in its entirety as a separate service area of Alltel, Grand River and Sprint rural telephone companies.¹³ These wire centers are listed in Exhibit B. The MPSC's reasons for adopting its definition are set forth below.¹⁴

In its *Final Order*, the MPSC designated NWMC as an ETC in the study areas of Alltel, Grand River and Sprint. In its *Amended Order*, the MPSC adopted NWMC's service area definition. Pursuant to FCC Rule 54.207(c), NWMC notes that the MPSC's analysis included consideration of the Joint Board's recommendations. Among other things, the MPSC considered: (1) whether NWMC is attempting to "cream skim" by only proposing to serve the lowest cost exchanges; (2) the rural carriers' special status under the Act; and (3) the administrative burden a rural LEC would face by calculating its cost on a basis other than its entire study area. The MPSC's analysis is discussed below.

¹² 47 C.F.R. § 54.207(c).

¹³ *Amended Order* at 4-5. See exhibit B for the list of wire centers included in MPSC's proposed definition.

¹⁴ 47 C.F.R. § 54.207(c)(1).

A. NWMC is Not Attempting to Cream Skim

“Rural cream skimming” occurs when competitors serve only the low-cost high revenue customers in a rural telephone company’s study area.¹⁵ NWMC based its requested ETC area on its licensed service area and requested redefinition at the wire center level in accordance with *Highland Cellular*.¹⁶ The FCC analyzes several factors to determine whether the competitive ETC is attempting to cream skim including the service area in which the ETC applicant requests designation, whether the incumbents have taken advantage of disaggregation, and population density.

The MPSC noted that the rural carriers in whose study areas NWMC seeks to provide service can take advantage of the opportunity to disaggregate and target universal service support at the exchange level within their service territories, based on their estimated cost to serve each exchange, thus virtually eliminating the concern of cream skimming.¹⁷ The Joint Board and the FCC have recognized that targeting support in this manner reduces concerns of rural cream skimming.¹⁸

In its *ETC Order*, however, the FCC stated that disaggregation does not address all cream skimming concerns.¹⁹ The FCC found that cream skimming may still be a concern when a competitor proposes to serve only the low-cost areas to the exclusion of

¹⁵ See *Highland Cellular, Inc. Petition for Designation as an Eligible Telecommunications Carrier for the Commonwealth of Virginia*, Memorandum Opinion and Order, CC Docket No. 96-45, 19 FCC Rcd 6438, ¶ 26 (“*Highland Cellular Order*”) (2004).

¹⁶ See generally *Highland Cellular Order*.

¹⁷ See *Amended Order* at 3-4.

¹⁸ See *Federal – State Joint Board on Universal Service*, Recommended Decision, CC Docket No. 96-45, FCC 04J-1 ¶¶ 54-55 (February 27, 2004); see also *RCC Holdings* ¶ 39.

¹⁹ *In re Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 ¶ 51 (March 17, 2005) (“*ETC Order*”).

high-cost areas in a rural telephone company's service area.²⁰ The FCC, therefore, will analyze the population densities of the affected wire centers in order to ensure that designating the applicant as an ETC in portions of rural LEC service areas would not result in the unintended effect of cream skimming.²¹

NWMC conducted a population density analysis in the areas in which it requested study area redefinition at the wire center level. NWMC's population density analysis revealed that the population densities within the portions of those study areas sought to be included in the NWMC redefined service area fall below the overall population densities upon which the level of support has been based.²² The MPSC found that NWMC's population density analysis demonstrated there is no cream skimming.²³ Therefore, the MPSC found that NWMC's definition will not result in cream skimming.

B. The MPSC Considered Alltel, Grand River and Sprint's Special Status under the Act

In its *Amended Order*, the MPSC recognized the special status of rural carriers Alltel, Grand River and Sprint.²⁴ By finding that "rural carriers whose service areas NWMC seeks to redefine will not be harmed by the redefinition of their study areas to conform to NWMC's licensed service area", the MPSC duly recognized the special status of the rural carriers in determining that NWMC's ETC service area should be redefined.²⁵

²⁰ See *id.* ¶ 49.

²¹ See *id.* ¶¶ 50-51.

²² See *ETC Petition* at 12-14; see *Amended Order* at 3.

²³ See *Amended Order* at 3.

²⁴ See generally *Amended Order*.

²⁵ See *Amended Order* at 5.

**C. Redefining the Rural LEC Service Areas Will Not Be Administratively
Burdensome on the Affected LECs**

The MPSC considered the administrative burden a rural LEC would face by calculating its cost on a basis other than its entire study area.²⁶ The MPSC stated that “rural carriers whose service areas NWMC seeks to redefine will not be required to recalculate costs as a result of a service area redefinition and ... no other administrative burdens have been placed on the rural carriers whose service areas NWMC seeks to redefine as a result of a service area redefinition.”²⁷ Accordingly, the MPSC concluded that rural carriers would not be harmed by the redefinition of their study areas to conform to NWMC’s licensed service area.²⁸

III. CONCLUSION

For the foregoing reasons, NWMC respectfully requests FCC agreement with the MPSC’s redefinition of each wire center that NWMC serves in its entirety as a separate service area of Alltel, Grand River and Sprint rural telephone companies.

Respectfully submitted,

**NORTHWEST MISSOURI CELLULAR
LIMITED PARTNERSHIP**

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Dated: March 19, 2007

²⁶ See *id.* at 5; see also *RCC Holdings*.

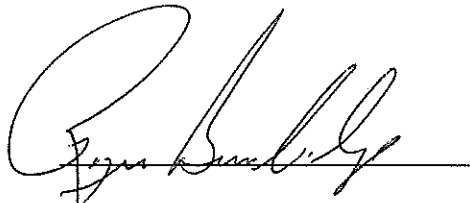
²⁷ See *Amended Order* at 5.

²⁸ *Id.*

Declaration of Roger Bundridge

I, Roger Bundridge, do hereby declare under penalty of perjury the following:

1. I am the General Manager of Northwest Missouri Cellular Limited Partnership.
2. I have read the foregoing "Petition for Redefinition". I have personal knowledge of the facts set forth therein, and believe them to be true and correct.

A handwritten signature in black ink, appearing to read "Roger Bundridge", written over a horizontal line.

Roger Bundridge

3-19-07

Date